

STATEMENT OF COMMISSIONER
MICHAEL J. COPPS

RE: International Settlements Policy Reform, Internationals Settlement Rates (First R&O).

First of all, I would say that the Commission's International Settlements Policy has been a good success for U.S. consumers. When we saw a market failure that allowed foreign carriers to charge our consumers rates that were way above cost, we stepped in and the result is that today rates are lower. We used our regulatory power wisely and well.

I think that the decision to initiate an NOI on mobile termination rates strikes the right balance for this difficult issue. We do not understand mobile termination rates well enough to compel action today. We do know, however, that in many cases they are far from being cost-based and that they cause large and often unexpected charges for American consumers. So the right thing to do is to seek more information, and then determine the right course of action, which is what we announce we will do today. Several of our peer regulators are conscientiously working to reduce these rates, so I hope that they will share their expertise with us, and will help us understand better how their domestic mobile regulatory systems would be affected by our decisions.

I also will accept the decision not to begin a new proceeding to reduce our benchmark rates further at this time. But we need to recognize that the benchmark rates are now quite out-of-date and that they are set substantially above cost. As long as competition allows U.S. consumers to enjoy rates below the benchmark rates in most cases, this is not adverse to our consumers. But if we see countries begin to use the out-of-date rates as excuses for increasing rates, we may have to revisit this issue.